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ARIZONA CORPORATION COMMISSION

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In the Matter of the Application of Salt River Project Agricultural Improvement and Power District ("SRP") for a Certificate of Environmental Compatibility ("CEC") Authorizing the Expansion of the Coolidge Generating Station (L-00000B-21-0393-00197).

AZ CORP COMMISSION
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Chairwoman Márquez-Peterson and Commissioners,

I hope my fellow Commissioners will reconsider their denial of SRP's application for a CEC authorizing the expansion of the Coolidge Generating Station. The Commission has an obligation to ensure utilities we regulate can provide the needed energy to meet the demands of their customers. For the Commission to make decisions that seriously jeopardize a utility's ability to meet demand, especially during the hot summer months, is not in the public interest.

At the recent 2022 Summer Preparedness Workshop (Docket No. AU-99999A-22-0048), the presenting electric utilities expressed that although they are well positioned to meet demand in 2022, they are concerned with their ability to meet demand in future summers. A variety of factors, including a lack of construction of new power plants in the West and increased competition for a limited supply of power, will make it difficult for utilities to meet the growing demand in Arizona, especially summer peak demand. SRP's CEC application was seeking to address these exact concerns.

Those following the case from the beginning know the opposition to this application was really an attempt to stop any expansion of natural gas energy generation. The central arguments from the intervenors in this case—echoed in public comments—made this abundantly clear. Opposition to this application was fueled by an ideology set on eliminating natural gas generation, regardless of its impact to ratepayers and the grid's reliability.

If the Commission is establishing a moratorium on any new natural gas energy generation, utilities will not be able to meet the energy demands of their customers. We have seen this failed policy played out in California, where they have struggled to meet demand, resulting in rolling blackouts. We cannot risk having that happen here in Arizona.

As Arizona utilities continue to expand their reliance on renewable energy, they will need to have reliable energy generation during the peak hours in the evening when renewable energy is not producing. Having a reliable, flexible, and cost-effective source of energy generation that can complement intermittent renewable energy generation is a key component to further expanding reliance on renewable energy.

I'm concerned how the Commission's denial of SRP's application will impact ratepayers. I'm concerned how it will impact reliability. I'm concerned about Arizonans not being able to use their air conditioning during the hot summer months.

Moreover, the Commission stepped outside of its jurisdiction and evaluated SRP's application beyond what is constitutionally and statutorily authorized under its power plant and transmission line siting authority. Because of the legal precedent this denial is setting, SRP could decide to appeal the decision leading to a

drawn-out legal battle and considerable legal fees, which would be passed on to SRP customers. These potential legal costs are in addition to any costs ratepayers will have to shoulder due to the higher cost of procuring replacement power.

Also, we should not forget that the Arizona Power Plant and Transmission Line Siting Committee, whose primary authority and expertise is to evaluate these applications, voted 7-2 to approve the application. The Committee included important conditions when it granted the CEC, including substantial improvements to the surrounding community.

The Commission's denial of SRP's application will negatively impact the regulatory environment, as it creates uncertainty as to how the Commission will respond to future requests by SRP and all other electric utilities who are planning to add natural gas energy generation to achieve their clean energy goals.

I respectfully request my fellow Commissioners reopen Decision No. 78545 and approve SRP's application so that it can cost-effectively meet its customers' growing demand for power, especially during the hot summer months.

Sincerely,

A handwritten signature in black ink, appearing to read "Justin Olson", written in a cursive style.

Commissioner Justin Olson